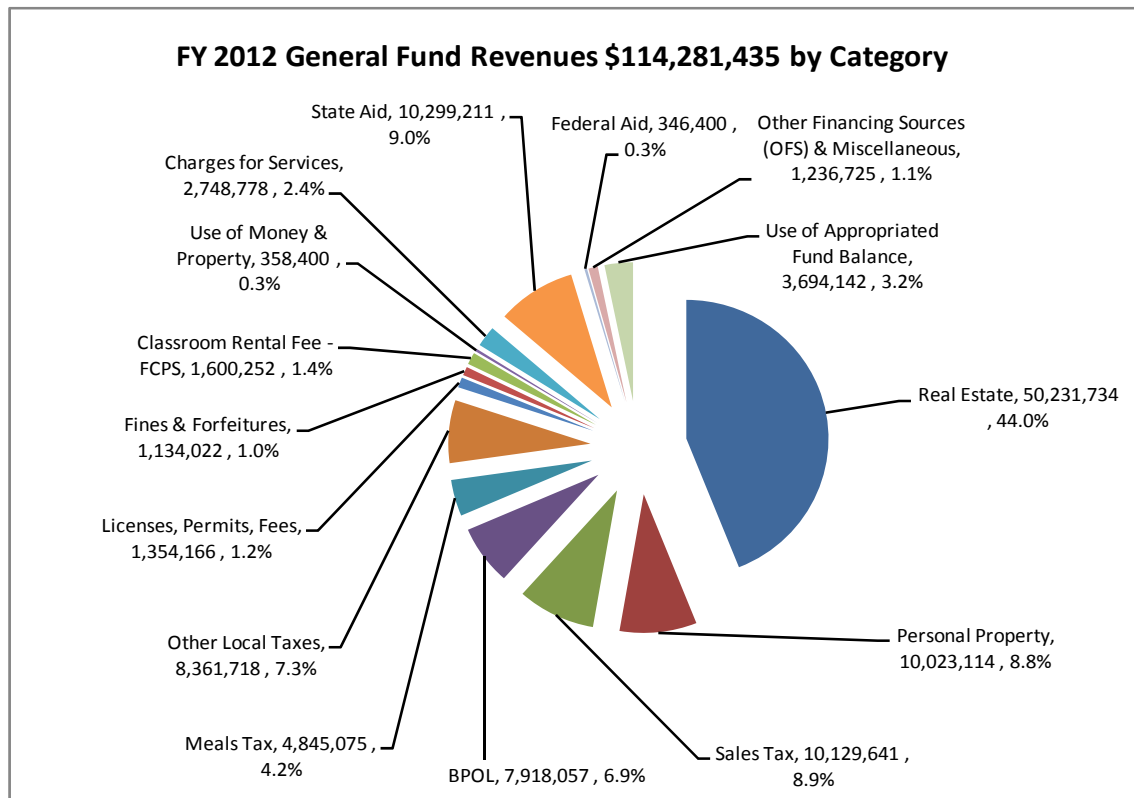


GENERAL FUND REVENUE OVERVIEW

FY 2012 Adopted Budget – City of Fairfax, Virginia

The following pie chart provides an overview by category of general fund revenue sources for the City of Fairfax as part of the FY 2012 Budget.



The Use of Appropriated Fund Balance in the amount of **\$3,694,144** is broken out as follows:

- \$220,000 from FY 2010 surplus to fund additional employee and contract design work for Community Development and Planning Department
- \$700,000 from FY 2010 surplus to offset increase to School Tuition contract
- \$1,244,367 from FY 2011 estimated surplus, generated largely by Adopted tax increase
- \$1,529,777 use of one and one half percent of fund balance in FY 2012
- Ending Fund Balance equal to approximately **10 percent (\$11.6m)** of General Fund expenditures

FY 2012 Adopted Budget – City of Fairfax, Virginia

General Fund Revenue Summary

Account	Account Title	FY 2010 Actual	FY 2011 Budget	FY 2011 Estimated	FY 2012 Adopted
General Property Taxes					
311110	Real Estate Current December	\$23,160,430	\$23,073,154	\$23,216,658	\$23,271,630
311111	Real Estate Current June	22,723,738	22,061,859	23,271,630	23,595,306
311112	Real Estate Old Town - June	90,754	100,239	100,200	100,200
311113	Delinquent Real Estate	646,446	423,838	800,000	600,000
311114	Real Estate Old Town - December	106,221	100,239	94,873	94,873
311116	Delinquent R/E Old Town District	0	18,803	18,803	18,803
311117	Real Estate BID District	14,496	0	0	0
311xxx	Stormwater Fund Tax	0	0	130,000	260,000
311119	Delinquent R/E Commercial	69,117	50,000	29,878	29,878
311121	Comm. Real Estate Tax Rate Trans. - June	483,964	482,000	499,096	499,096
311122	Comm. Real Estate Tax Rate Trans. - December	814,296	434,000	499,096	499,096
311210	Personal Property Current	9,098,098	9,428,505	9,384,000	9,571,700
311213	Delinquent Personal Property	415,205	230,159	250,000	200,000
311311	PSC R/E Current	897,565	827,592	947,852	947,852
311312	PSC PP Current	269,383	269,391	251,414	251,414
311313	PSC Delinquent R/E Taxes	(898)	10,000	(5,000)	0
311410	Penalties on Delinquent Taxes	279,699	108,975	225,000	225,000
311411	Interest on Delinquent Taxes	100,759	60,000	90,000	90,000
Total General Property Taxes		\$59,169,273	\$57,678,755	\$59,803,500	\$60,254,848
Other Local Taxes					
312010	Local Sales & Use Tax	\$10,644,035	\$11,022,361	\$10,008,197	\$10,129,641
312011	Consumers Utility Tax	1,547,115	1,604,387	1,555,571	1,586,682
312012	Business & Occupational Licenses	7,485,808	7,750,551	7,838,837	7,918,057
312013	Motor Vehicle Licenses	600,510	585,000	608,663	608,663
312014	Recordation Tax	302,027	277,621	346,890	353,828
312015	Bank Stock Tax	1,450,629	1,399,571	1,550,629	1,579,641
312016	Tobacco Tax	829,550	1,185,848	1,060,732	1,060,732
312017	Transient Lodging Tax	469,066	566,051	489,168	539,168
312018	Meals Tax	4,654,170	4,746,708	4,773,473	4,845,075
312021	Consumption Tax	108,463	109,712	121,592	121,592
312024	Communication Taxes	2,379,649	2,375,857	2,474,297	2,511,412
Total Other Local Taxes		\$30,471,022	\$31,623,668	\$30,828,049	\$31,254,491

FY 2012 Adopted Budget – City of Fairfax, Virginia

General Fund Revenue Summary

Account	Account Title	FY 2010 Actual	FY 2011 Budget	FY 2011 Estimated	FY 2012 Adopted
Licenses, Permits & Fees					
313202	Building Permits	\$132,084	\$114,955	\$115,000	\$130,000
313203	Electrical Permits	86,139	80,044	80,000	90,000
313204	Plumbing Permits	36,006	34,872	57,688	67,000
313205	Mechanical Permits	64,001	66,744	70,000	80,000
313206	Elevator Inspection	55,200	56,115	56,000	57,000
313225	Rental Housing Occupancy	21,755	15,124	10,200	10,200
313226	Fire Marshal Permit	67,629	64,490	65,000	70,000
313227	Fire Protection System Permit	12,992	12,981	16,381	16,381
313231	Fire Marshal Development Fees	15,560	16,062	14,775	14,775
313233	Public Safety Fee	41,605	42,025	42,025	48,525
313234	Reinspection Fees	476	420	575	575
313308	Sign Permits	15,994	16,522	20,280	20,280
313309	Occupancy Permits	28,255	31,178	27,665	27,665
313310	Soil & Erosion Fees	29,540	43,095	6,992	6,992
313323	Zoning Fees	49,335	42,845	42,845	42,845
313328	Special Use Permits	118,895	126,910	126,910	126,910
313329	Variances	22,525	22,364	3,500	3,500
313330	Partial R/E Tax Exemption	120	62	120	120
313411	Cemetery Interments	36,720	39,852	56,181	56,181
313420	Street Opening Permits	45,900	33,163	40,955	40,955
313430	Precious Metal Permits	1,000	410	600	600
313440	Public Right of Way Use	249,590	263,832	263,832	263,832
313510	Animal Licenses	11,830	11,975	12,508	12,508
313512	Peddlers Permits	8,630	7,891	6,515	6,515
313620	Transfer Fees	74,118	81,711	67,017	73,719
313630	Cellular Comm	73,216	173,349	87,088	87,088
Total Licenses, Permits & Fees		\$1,299,114	\$1,398,988	\$1,290,652	\$1,354,166
Fines & Forfeitures					
314001	Court Fines & Forfeitures	\$626,413	\$611,208	\$639,100	\$639,100
314002	Parking Fines	145,641	140,249	132,922	132,922
314003	Juvenile Court	4,547	5,725	3,300	3,300
314005	Circuit Court Revenue	4,720	6,093	6,800	6,800
314006	Court Facilities Fee	18,938	18,968	19,800	19,800
314010	Zoning Civil Penalties	18,800	15,200	9,400	9,400
314011	Photo Red Light	0	432,000	0	216,000
314012	Jail Admin Fee	1,794	1,603	1,600	1,600
314013	Courthouse Security	98,630	98,729	105,100	105,100
314021	Overweight Truck Fine	0	0	1,283	0
Total Fines & Forfeitures		\$919,482	\$1,329,775	\$919,305	\$1,134,022

FY 2012 Adopted Budget – City of Fairfax, Virginia

General Fund Revenue Summary

Account	Account Title	FY 2010 Actual	FY 2011 Budget	FY 2011 Estimated	FY 2012 Adopted
Use of Money & Property					
315101	Interest on Investments	\$26,263	\$60,000	5,000	5,000
315106	Unrealized Gain / (Loss)	0	0	0	0
315201	Rental - General Property	0	0	0	0
315202	Rental - Old Town Hall	132,714	125,000	110,800	135,800
315203	Rental - Green Acres	46,711	35,000	29,854	40,500
315206	Rental - Schools	1,623,683	1,594,095	1,594,100	1,600,252
315208	Rental - Community Center	0	76,065	76,100	140,700
315209	Rental - Main Street Day Care	25,200	25,200	26,400	26,400
315210	Rental - Westmore School	95,000	0	0	0
315211	Rental - Blenheim	16,350	10,000	10,000	10,000
Total Use of Money & Property		\$1,965,922	\$1,925,360	\$1,852,254	\$1,958,652
Charges for Services					
316110	Court Fees	\$5,176	\$2,849	6,524	6,524
316220	Sale of Record Copies	2,486	1,760	1,399	1,399
316221	False Alarm Fees	21,925	35,081	18,490	18,490
316223	Ambulance Fees	914,715	1,260,000	987,406	915,000
316224	Emergency Response Billing	0	80,000	0	0
316225	Fire Recovery Fee - GMU	0	150,000	150,000	150,000
316230	Animal Control Fees	2,713	1,888	1,379	1,379
316349	Senior Programs	69,807	72,892	68,956	68,300
316350	Rec. Trips - Youth, Teen, and Adult	184,350	188,649	180,100	192,700
316351	Day Camps	444,064	525,118	496,900	496,900
316352	Pavilion Rentals	76,635	88,053	97,260	104,500
316353	Cultural Arts	0	0	2,230	6,600
316354	Special Events	157,790	119,010	139,992	174,200
316355	Museum Revenue	577	330	698	698
316356	Museum Gift Shop	13,151	7,977	16,607	16,607
316357	Show Mobile Revenue	4,080	3,330	5,044	4,800
316460	Sale of Publications	35	33	50	50
316461	Subdivision Review Fees	17,000	1,300	8,342	8,342
316462	Site Plan Review Fees	102,133	62,400	88,743	88,743
316463	Architectural Review	3,875	3,068	3,967	3,967
316464	Tree Removal Permit	1,460	750	1,577	1,577
316466	Surety Review	10,275	8,050	6,525	6,525
316467	Mapping Sales	1,565	1,060	720	720
316570	School Age Child Care	406,213	396,955	406,213	406,213
316580	Returned Check Fees	4,925	5,246	3,283	3,283
316581	Charge Card Fees	11,372	10,460	15,574	15,574
316585	Administrative Fees	14,876	6,136	20,248	20,248
316586	Collection Fees	(3,276)	3,975	7,425	7,425
316587	Attorney Fees	3,938	2,269	1,444	1,444
316712	5% Late Charge	2,161	1,334	2,170	2,170
316811	Inspection Fees After Hours	33,380	24,320	24,400	24,400
Total Charges for Services		\$2,507,399	\$3,064,293	\$2,763,666	\$2,748,778

FY 2012 Adopted Budget – City of Fairfax, Virginia

General Fund Revenue Summary

Account	Account Title	FY 2010 Actual	FY 2011 Budget	FY 2011 Estimated	FY 2012 Adopted
Miscellaneous Revenue					
318102	Sale of Surplus Property	\$9,357	\$8,254	100	\$1,631
318104	Sale of Cemetery Lot	20,560	17,306	19,700	22,700
318105	Perpetual Care - Cemetery	6,903	6,738	13,100	15,100
318107	Recycled Newspaper	0	0	0	0
318108	Sale of City License Plates	5,220	5,220	5,000	5,000
318201	Misc. Revenue	50,851	40,181	79,535	105,212
318203	Police Seized Assets	0	0	0	0
Total Miscellaneous Revenue		\$92,891	\$77,699	\$117,435	\$149,643
State Aid					
321101	ABC Profits	0	0	0	0
321102	Wine Taxes	0	0	0	0
321103	Rolling Taxes	590	590	362	362
321104	State Aid Police	582,353	617,200	616,776	552,323
321106	Vehicle Rental Tax	194,368	213,412	244,744	244,744
321201	Commissioner of Revenue	146,070	126,358	134,921	134,921
321202	Treasurer	107,089	105,000	92,199	92,199
321203	Registrar / Electoral	48,789	46,259	48,789	48,789
321204	DMV Reimbursement	41,521	43,315	34,769	34,769
324201	State Sales Tax	2,538,737	2,523,739	2,538,337	2,730,111
324202	Basic School Aid	4,241,978	3,610,810	3,717,703	4,182,579
324204	State School Capital	0	0	0	0
324302	Four for Life Grants	20,726	21,310	20,500	20,500
324305	Smoke Alarm Grant	3,229	0	0	0
324308	EMAC	0	0	14,046	0
324321	Rescue Squad Assc Grant	1,397	0	0	0
324323	Fire Equip Mini Grant	6,824	0	0	0
324324	Byrne Jag Grant	0	0	0	0
324331	Asset Forfeiture	7,928	2,000	0	0
324344	Fire Programs Fund	59,311	59,311	54,994	61,104
324403	Street & Highway Maint.	2,072,919	1,969,273	2,190,900	2,190,900
324405	Solid Waste Grant	5,125	5,100	5,910	5,910
324411	Disaster Assistance State	42,130	0	0	0
324612	Blenheim Grant	0	0	0	0
324614	Arts Grant	0	0	0	0
Total State Aid		\$10,121,085	\$9,343,677	\$9,714,950	\$10,299,211

FY 2012 Adopted Budget – City of Fairfax, Virginia
General Fund Revenue Summary

Account	Account Title	FY 2010 Actual	FY 2011 Budget	FY 2011 Estimated	FY 2012 Adopted
Federal Aid					
331005	Bulletproof Vest Grant	\$3,188	\$2,500	3,185	2,500
331007	COPS 2005 Tech Grant	0	0	0	0
331009	Alcohol Safety Grant	19,282	19,000	19,000	19,000
331010	Gang Task Force Grant	133,723	38,841	130,000	130,000
331011	FEMA Grant	199,751	0	0	0
331018	NCR Regional Planner	159,330	125,000	125,000	125,000
331023	Byrne JAG Grant	18,207	0	0	900
331037	Secret Service Task	6,296	5,000	5,000	5,000
331043	Fire SAFER Grant	212,716	125,000	138,457	0
331045	Citizen Preparedness Grant	155	5,000	5,000	15,000
331046	LEMPG Grant	5,000	10,000	23,311	5,000
331048	EMPG Sheltering Grant	0	0	0	22,000
331049	UASI Citizen Prep Grant	0	0	0	22,000
Total Federal Aid		\$757,648	\$330,341	\$448,953	\$346,400
Other Financing Sources					
318282	Fairfax Little League	5,625	5,625	5,625	5,625
318288	FPYC Turf Contribution	90,625	77,375	77,375	77,375
318289	Schools Turf Contribution	20,000	20,000	20,000	20,000
319008	City - County Contract	821,844	974,082	974,082	974,082
341030	Bond Refunding	346,896	0	0	0
341040	Sale of Property	3,120,000	0	0	0
341045	School Bond Cap. Int. Reimb.	0	0	0	0
342030	Insurance Recoveries	13,800	10,000	10,000	10,000
347325	School Bond Cap. Int. Reimb.	0	0	0	0
347360	Old Town FX CIP Transfer	1,757	0	0	0
347403	Sewer Transfers	0	0	0	0
347512	Water Transfers	0	0	0	0
Total Other Financing Sources		\$4,420,547	\$1,087,082	\$1,087,082	\$1,087,082
Total Revenues		\$111,724,384	\$107,859,637	\$108,825,846	\$110,587,293
Total Appropriated Fund Balance					
	Prefunding	\$1,181,000	\$0	\$0	\$0
	School Tuition Contract	0	0	0	700,000
	Community Development & Planning	0	0	0	220,000
	Use of Fund Balance	0	500,000	500,000	1,529,777
	Surplus Funds	0	1,065,406	1,065,406	1,244,367
Total Appropriated Fund Balance		\$1,181,000	\$1,565,406	\$1,565,406	\$3,694,144
Total Revenue Available		\$112,905,384	\$109,425,043	\$110,391,252	\$114,281,435

FY 2012 Adopted Budget – City of Fairfax, Virginia

History of General Fund Revenues by Category

Category	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Estimate	FY 2012 Adopted
Real Estate	\$30,130,686	\$33,526,475	\$37,522,201	38,953,943	\$40,975,135	\$43,774,958	\$47,677,911	\$49,386,587	\$49,918,086	\$50,231,734
Personal Property	7,797,129	7,794,289	7,298,936	8,870,109	9,207,637	10,011,917	11,070,647	9,782,686	9,885,414	10,023,114
Sales Tax	9,875,008	10,608,683	11,604,756	13,721,180	13,587,593	13,433,255	8,831,494	10,644,035	10,008,197	10,129,641
BPOL	7,660,442	7,664,177	8,370,119	8,444,976	8,662,866	8,599,019	8,375,551	7,485,808	7,838,837	7,918,057
Meals Tax	1,930,225	2,087,428	2,176,558	2,235,496	2,301,359	4,628,045	4,634,109	4,654,170	4,773,473	4,845,075
Other Local Taxes	5,328,963	6,643,536	7,052,627	7,664,874	6,653,880	7,662,450	7,226,450	7,687,009	8,207,542	8,361,718
Licenses, Permits, and Fees	1,153,982	1,221,572	1,364,665	1,376,855	1,257,887	1,055,604	1,065,386	1,299,114	1,290,652	1,354,166
Fines & Forfeitures	916,078	1,243,358	1,567,914	954,306	879,234	893,186	873,594	919,482	919,305	1,134,022
Use of Money & Property	1,507,684	1,401,715	3,257,577	5,464,202	5,463,064	3,446,770	2,298,050	1,965,922	1,852,254	1,958,652
Charges for Services	791,781	962,585	954,341	973,262	1,061,561	1,391,864	2,424,216	2,507,399	2,763,666	2,748,778
Intergovernmental	8,150,217	8,965,341	9,444,194	10,054,930	10,597,452	10,960,395	11,033,810	10,878,733	10,163,903	10,645,611
Other Financing Sources / Misc.	268,958	230,315	260,375	1,016,217	1,066,827	3,527,196	3,070,983	4,513,438	1,204,517	1,236,725
Appropriated Fund Balance	0	0	0	0	0	2,180,574	3,877,676	1,181,000	1,565,406	3,694,144
Total Revenue	\$75,511,153	\$82,349,474	\$90,874,263	\$99,730,350	\$101,714,496	\$111,565,233	\$112,459,877	\$112,905,384	\$110,391,252	\$114,281,435

Major Revenue Sources

Real Estate Tax

Background

Each year, the City Assessor's Office appraises all **real property** in the City to determine its value for tax purposes. All assessments of real property, including land and permanently affixed structures, are based on **fair market value** and are equitable with the assessments of comparable properties. Real estate assessments, which are made each year by the Assessor's Office, are effective January 1 of the year and are at 100 percent of fair market value. During the budget process, City Council determines how much income the City must generate to provide municipal services to residents. The Council then sets a tax rate that will yield the needed revenue. That tax rate multiplied by the assessed value of the property determines the taxes owed by each property owner. City taxes are paid twice a year - June 21 and December 5.

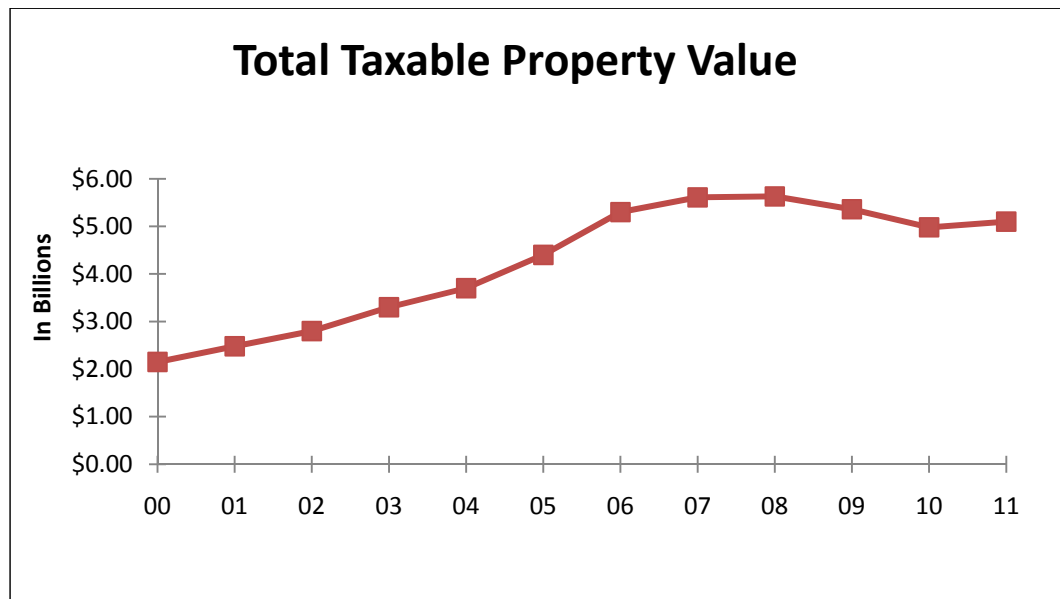
Fiscal Impact – Real Estate Tax Revenues

Category	FY 2010 Actual	FY 2011 Budget	FY 2011 Estimate	FY 2012 Adopted
Real Estate Tax Revenue	\$49,386,587	\$47,750,700	\$49,918,086	\$50,231,734
Real Estate Tax Rate	88	95.5	95.5 / 93.7	93.7
Stormwater Tax Rate	n/a	n/a	0.5	0.5
Old Town Service District Tax Rate	6	6	6	6
Commercial & Industrial Tax Rate	8	5.5	5.5	5.5

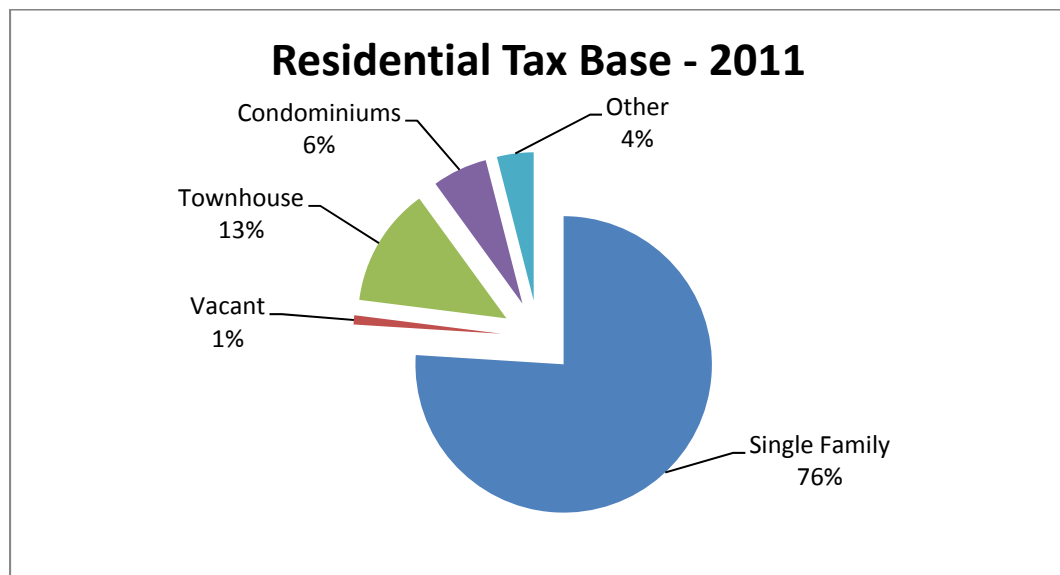
Real property tax revenues account for the largest category of revenue for the General Fund, representing 44 percent of total General Fund revenues. A real estate tax rate of 94.2 cents per \$100 of assessed value was adopted, which is a 1.3 cent decrease from the current rate of 95.5 cents per \$100 of assessed value. As part of the overall rate, 0.5 cents will be dedicated for the Stormwater Fund. Total real estate assessments are up 2.23 percent, which includes new construction of \$35.2 million, compared to a 7.2 percent decrease for the previous fiscal year.

Assessments	CY 2010	CY 2011	Variance	
			\$	%
Residential	\$3,013,912,200	\$3,132,069,157	\$118,156,957	3.92%
Commercial	1,968,035,100	1,961,131,818	(6,903,282)	-0.35%
Total	\$4,981,947,300	\$5,093,200,975	\$111,253,675	2.23%

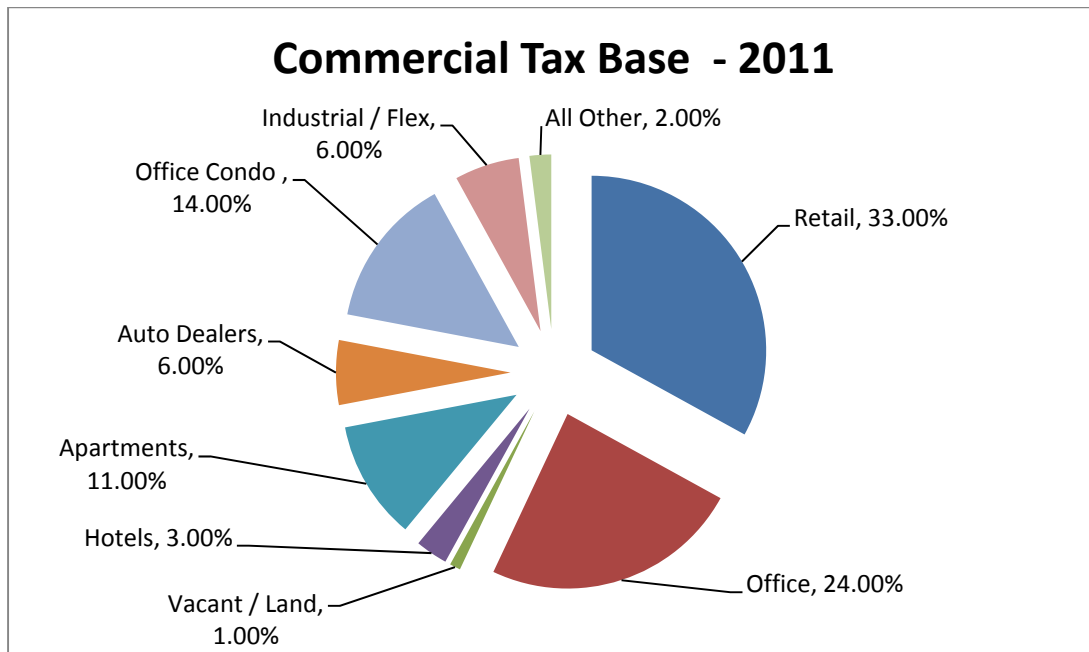
The 2011 total taxable value of City residential and commercial properties before appeals is \$5,093,200,975 and is more than last year's total assessed value by \$111,253,675 (2.23%).



The overall residential assessment total has increased by 3.92 percent, and includes new construction. The following notes the breakout by category for the Residential tax base.



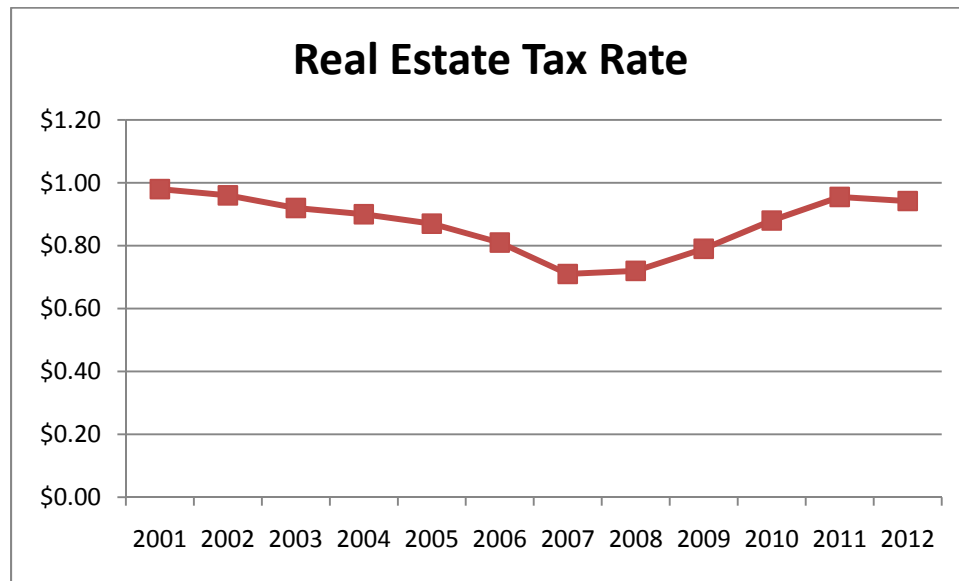
Commercial assessments notes a modest decrease of .35% percent overall, and includes new construction. The following notes the breakout by category for the Commercial tax base.



The budget notes a tax rate decrease of 1.3 cents from 95.5 to 94.2 per \$100 of assessed valuation for FY 2012. In addition, the City currently has two service districts, the Old Town and the Commercial Real Estate Transportation Tax which the City assesses an additional tax. The Old Town Service District will remain at 6 cents per \$100 of assessed value. The revenue generated will continue to help fund remaining costs of undergrounding overhead utility lines in the Old Town Service District. As part of the FY 2010 Adopted Budget, the Commercial Real Estate Transportation tax provided for a surcharge on commercial real estate properties at a rate of 8 cents per \$100 of assessed value. During the FY 2011 budget process, the City Council decreased this rate from 8 cents per \$100 of assessed value to 5.5 cents per \$100 of assessed value. The 5.5 cent rate remains unchanged for FY 2012. For FY 2012, a **new** Stormwater tax of 0.5 cents per \$100 of assessed value was approved as part of the overall 94.2 real estate tax rate per \$100 of assessed value. These funds will be dedicated to meeting Adopted federal regulatory requirements along with maintenance of aging Stormwater infrastructure, which significant portions are reaching the end of their useful life.

FY 2012 Adopted Budget – City of Fairfax, Virginia

An historical review of the City's Real Estate Tax Rate is below:



In comparing tax rates, it is important to keep in mind two factors often overlooked – levels of service vary from jurisdiction to jurisdiction, and for residents of area towns, a town tax is levied in addition to the county tax. Two large towns in our immediate area – Vienna and Herndon – known for similar levels of community services, levy real estate taxes of 24.48 and 26.5 per \$100 of assessed value (current fiscal year 2011 rates), respectively, in addition to the Fairfax County FY 2012 adopted real estate tax rate of 108.5 per \$100 of assessed value.

The City's Adopted real estate tax rate of 94.2 is a 1.3 cent decrease over FY 2011. The average residential tax bill is expected to increase by 1.88 percent. This increase is less than the current Baltimore-Washington region inflation rate of 3 percent. The following chart provides an illustrative example by three residential assessed values:

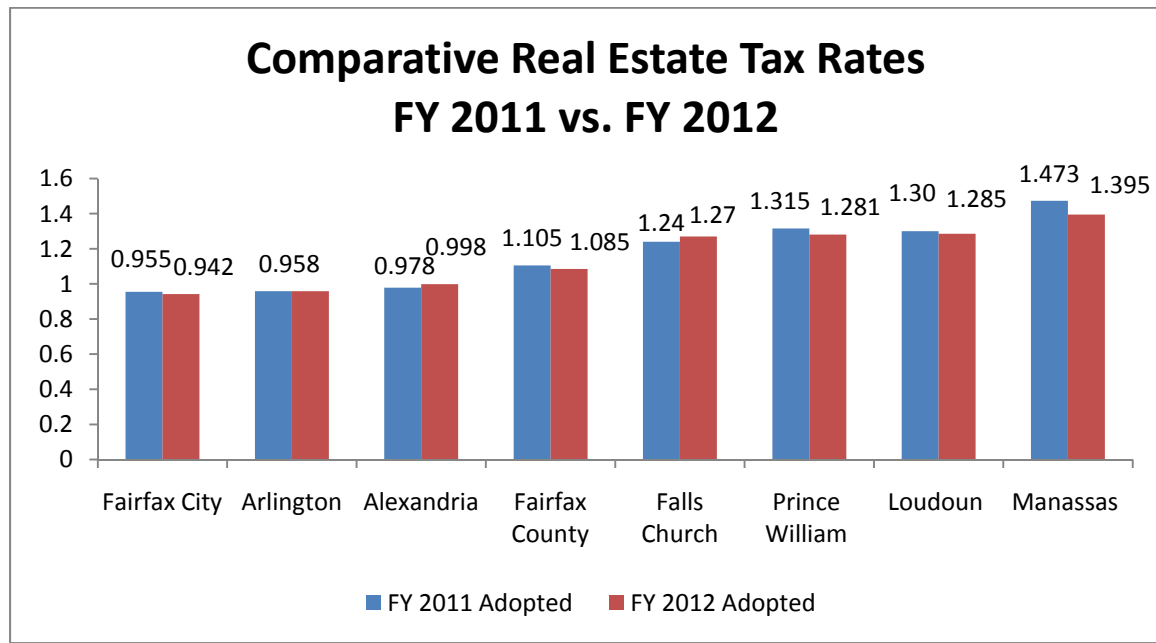
**Impact of Real Estate Tax Rate per FY 2012 Budget
Average Property Owner's Tax Bill at Various Values
All Residential Properties**

CY 10 Assessment	FY 11 Tax Rate	FY 11 Tax Bill	CY 11 Assessment	FY 12 Tax Rate	FY 12 Tax Bill	Change	
						\$	%
\$300,000	\$.955	\$2,865	\$309,845	\$.942	2,919	54	1.88
\$500,000	\$.955	\$4,775	\$516,408	\$.942	4,865	90	1.88
\$700,000	\$.955	\$6,685	\$722,971	\$.942	6,810	125	1.88

Note: average estimated increase in assessment of 3.3 percent (excludes new construction); each property is separately valued therefore each assessment may be higher or lower than the average.

FY 2012 Adopted Budget – City of Fairfax, Virginia

Comparative information was gathered from surrounding jurisdictions' FY 2012 Adopted Budgets. As noted, the City of Fairfax retains the lowest real estate tax rate in the Northern Virginia region for FY 2012.



Personal Property Tax

Background

The City of Fairfax assesses all individuals and businesses on the value of motor vehicles, including automobiles, trucks, motorcycles, trailers, campers and other recreational vehicles (RVs) and boats that are located in the City of Fairfax. The City also assesses all businesses on the value of all other personal property such as furniture and equipment located within the City boundaries. All such property is considered personal property. Additionally, the City imposes a Motor Vehicle License Tax for each vehicle and issues a vehicle license decal as proof that the license tax and personal property taxes have been paid.

The Commissioner of the Revenue determines the method of assessment for personal property and the City Council establishes the tax rate. The current personal property tax rate is \$4.13 per \$100 of assessed value. In addition to the personal property tax all motor vehicles normally garaged in the city are required to display a Motor Vehicle License Decal. The Motor Vehicle License Tax is \$ 33.00 per annum and is administered directly by the City Treasurer. Before obtaining a decal vehicle owners must register their vehicles with the Commissioner of the Revenue for personal property tax purposes.

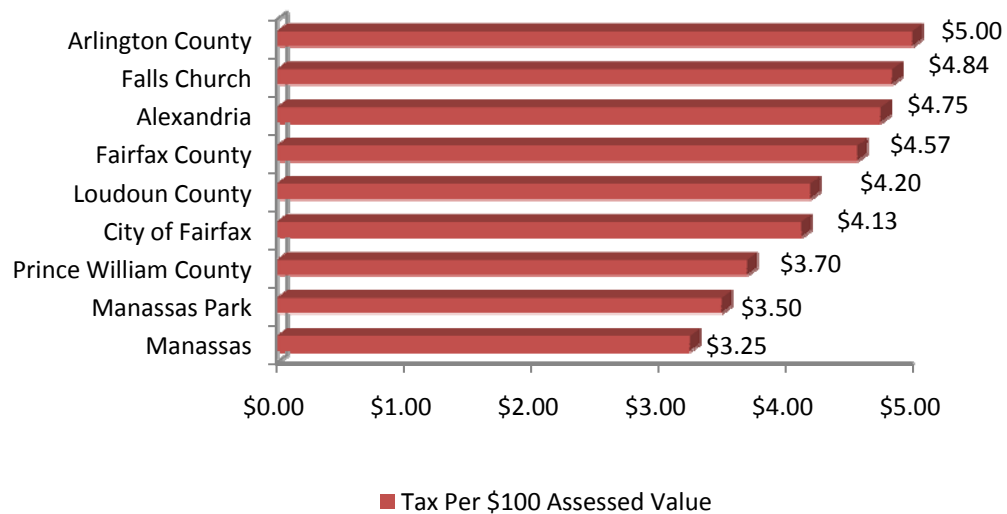
At the current time, taxpayers are "reimbursed" by the state at a rate of approximately 52 percent of the tax up to the first \$20,000 of assessed value. This reimbursement is based on a fixed amount, approximately \$3.1 million, the 2004 level of reimbursement. While in most cases a disproportionate amount of tax collected at local levels is disbursed to other areas of the state through means such as the composite index for education funding, in the case of personal property tax, a disproportionately larger amount is paid to Northern Virginia, because there are more and higher value cars in this area.

Fiscal Impact – Personal Property Tax

	FY 2010 Actual	FY 2011 Budget	FY 2011 Estimate	FY 2012 Adopted
Personal Property Tax Revenue	\$9,782,686	\$9,928,055	\$9,885,414	\$10,023,114
Personal Property Tax Rate	\$4.13	\$4.13	\$4.13	\$4.13

The FY 2012 Adopted Budget notes no change in the Personal Property Tax rate of \$4.13. FY 2012 revenues are projected to increase 1.4% from the FY 2011 estimate per a modest increase in overall vehicle assessments. The accompanying chart notes that the City's Personal Property rate will remain the fourth lowest in the region.

Personal Property Tax Rates FY 2012



Local Sales and Use Tax

Background

A sales tax is imposed on gross receipts from retail sales. The seller collects the tax from the customer by separately stating the tax and adding it to the sales price or charge. Effective September 1, 2004, the rate of tax is 5% (4 % state and 1% local tax). Prior to that date, the rate was 4.5% (3.5% state and 1% local). "Retail sales" means sales made for any purpose other than for resale. The tax may also apply to the furnishing of transient accommodations and the lease or rental of personal property.

Fiscal Impact – Local Sales and Use Tax

	FY 2010 Actual	FY 2011 Budget	FY 2011 Estimate	FY 2012 Adopted
Local Sales & Use Tax Revenue	\$10,644,035	\$11,022,361	\$10,008,197	\$10,129,641

The local sales and use tax is one of the most important economic indicators and highest revenue generators for the City. The FY 2011 estimate reflects a 6% decrease from the FY 2010 actual, which is based on trend analysis on year to date figures and accounts for repayment of funds to Fairfax County for erroneously credited sales tax funds to the City. The FY 2012 figure of \$10.1 million notes a 1% growth over the FY 2011 estimate.

Business, Professional, and Occupational License (BPOL) Tax

Background

All businesses operating in the City of Fairfax must apply for an annual license with the Commissioner of the Revenue. Business license taxes are levied annually and are typically based on a business's gross receipts. All new businesses must submit an application within 30 days of the start of operations. All business licenses expire at the end of each calendar year and must be renewed annually by **March 1**. Businesses in the City of Fairfax are taxed on either their gross receipts or a flat rate basis or both. Most businesses are taxed based on gross receipts. The BPOL tax rate is established annually by the City Council for each business category.

Fiscal Impact – BPOL Tax

	FY 2010 Actual	FY 2011 Budget	FY 2011 Estimate	FY 2012 Adopted
BPOL Tax	\$7,485,808	\$7,750,551	\$7,838,837	\$7,918,057

BPOL funds for the FY 2011 estimate are projected to increase by 5% from the FY 2010 actual. Projections are based on year to date collections from businesses through March, and indicate strong growth. For FY 2012, a 1% increase above the FY 2011 estimate is assumed.

Meals Tax

Background

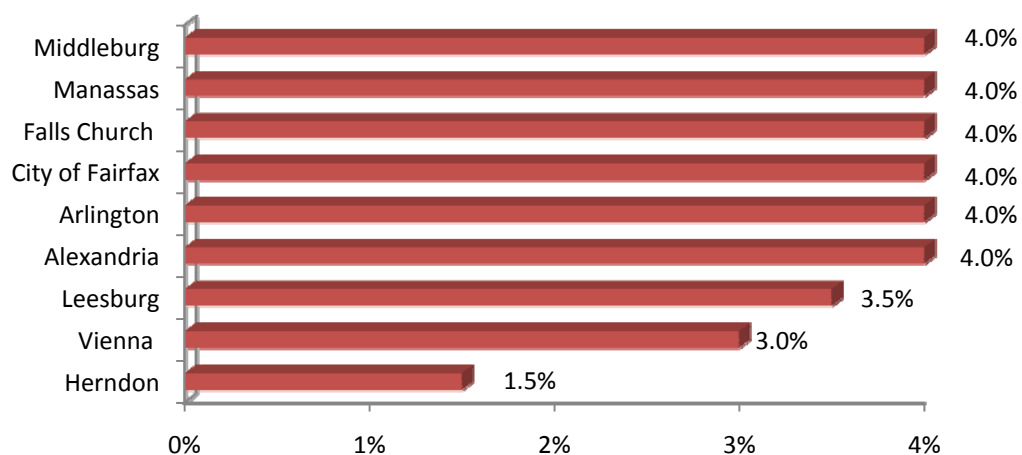
The City of Fairfax imposes a **4%** tax upon each and every meal sold in the City in or from a restaurant (or similar establishment), whether prepared in the restaurant or not and whether consumed on the premises or not. This tax was last increased from 2% to 4% as part of the FY 2008 Adopted Budget.

Fiscal Impact

	FY 2010 Actual	FY 2011 Budget	FY 2011 Estimate	FY 2012 Adopted
Meals Tax Revenue	\$4,654,170	\$4,746,708	\$4,773,473	\$4,845,075
Meals Tax Rate	4%	4%	4%	4%

The City's meals tax remains a very stable source of revenue for the City. For the FY 2011 estimate, revenue is projected to increase 2.6% from the FY 2010 actual, based on receipts for the first seven months of the current fiscal year. For FY 2012, an additional 1% increase is projected over the FY 2011 estimate. As the following chart indicates, several area jurisdictions also impose this tax and in most cases at a rate on par with the City.

Meals Tax Rates FY 2012



Tobacco Tax

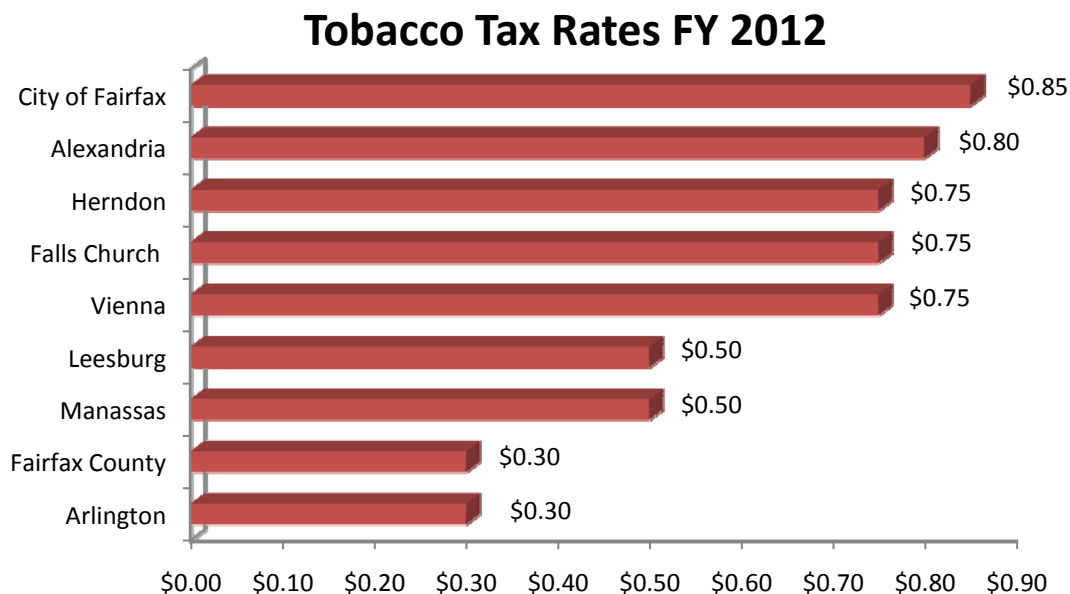
Background

The cigarette tax is **85 cents** for each package of 20 cigarettes sold or used within the City. On January 1, 2010 the Tobacco Tax was increased by 25 cents, from 50 cents to 75 cents per package. On July 1, 2010 the rate was increased by 10 cents, from 75 cents to 85 cents per package.

Fiscal Impact

	FY 2010 Actual	FY 2011 Budget	FY 2011 Estimate	FY 2012 Adopted
Tobacco Tax Revenue	\$829,550	\$1,185,848	\$1,060,732	\$1,060,732
Tobacco Tax Rate	\$.50/\$.75	\$.85	\$.85	\$.85

As part of the FY 2011 Adopted Budget, the cigarette tax rate was increased **\$.85** cents per package. The FY 2011 estimate of \$1.1 million reflects a 10.6% decrease from the original budgeted figure. Current trends note a drop-off in monthly tobacco purchases, which is likely the result of the increased rate or a reduction in the number of smokers. Revenues are expected to remain level in FY 2012 from the FY 2011 estimate. The following chart notes the City of Fairfax has the highest rate in the region.



Transient Lodging Tax

Background

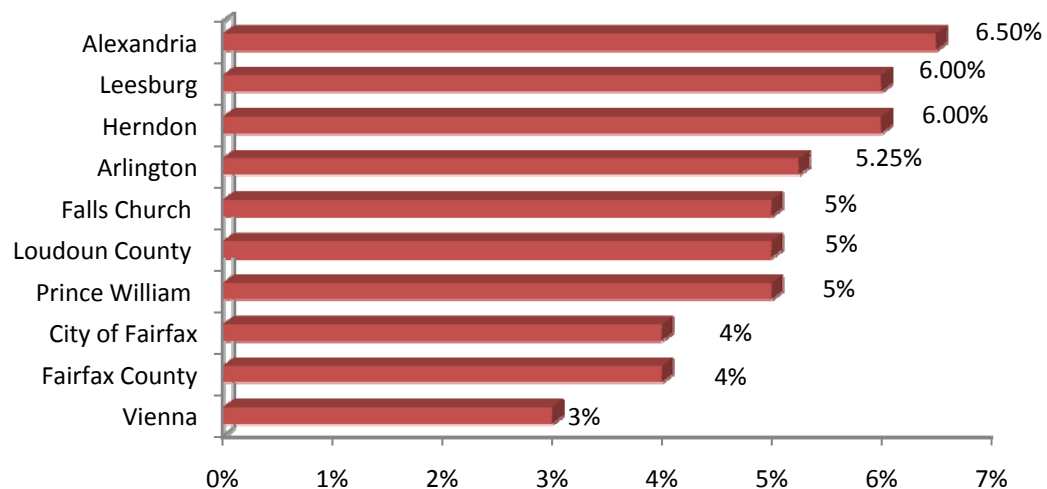
Every public or private hotel, inn, apartment hotel, hostelry, motel, or other lodging place within the city offering lodging for four or more persons at any one time on a transient basis (30 consecutive days or less), is levied a tax on the gross receipts of the lodging. The transient occupancy tax rate is **4 percent** of the total amount of the room rental charge, and is the maximum allowed per City charter. Any increase above the current figure needs approval from the General Assembly.

Fiscal Impact

	FY 2010 Actual	FY 2011 Budget	FY 2011 Estimate	FY 2012 Adopted
Transient Lodging Tax Revenues	\$469,066	\$566,051	\$489,168	\$539,168
Transient Lodging Tax Rate	4%	4%	4%	4%

The Transient Lodging tax notes an increase of 4% for the FY 2011 estimate from the FY 2010 actual. The FY 2012 budget reflects a 10% increase over the FY 2011 estimate based the expected opening of a new hotel, Marriott, in the latter part of the current fiscal year. The following chart notes the City of Fairfax has the second lowest rate in the region.

Transient Lodging Tax Rate FY 2012



Licenses, Permits, and Fees

	FY 2010 Actual	FY 2011 Budget	FY 2011 Estimate	FY 2012 Adopted
Licenses, Permits, and Fees	\$1,299,114	\$1,398,988	\$1,290,652	\$1,354,166

The City reviews these line items annually to ensure rates and levies are on par with other jurisdictions in the region. Projections for FY 2012 note a 5% increase from the FY 2011 estimate based on trends and revenues collected through January 2011. The FY 2011 budget originally projected \$100,000 to be generated from the installation of cellular towers at two City schools. To date no funds have been collected as an outside vendor is conducting a feasibility analysis.

Fines and Forfeitures

	FY 2010 Actual	FY 2011 Budget	FY 2011 Estimate	FY 2012 Adopted
Fines & Forfeitures	\$919,482	\$1,329,775	\$919,305	\$1,134,022

This category of revenues decreases by 15% in FY 2012 from the FY 2011 budget. This is due mainly to the Photo Red Light program which is expected to commence in FY 2012. However, only two cameras are expected to be operational in the City thus generating less revenue (\$216,000) than initially projected. Implementation of this program was originally scheduled to commence in FY 2011, but has since been deferred to FY 2012.

Use of Money and Property

	FY 2010 Actual	FY 2011 Budget	FY 2011 Estimate	FY 2012 Adopted
Use of Money and Property	\$1,965,922	\$1,925,360	\$1,852,254	\$1,958,652

Investment interest is projected to decrease from the FY 2011 Budget figure of \$60,000 to \$5,000 in FY 2012. This is based on the past expenditure of bond funds and the current low interest rates in the economic environment. This revenue category also accounts for rental fees for the City. The City's new Stacy C. Sherwood Community Center, which opened in February 2011, is expected to generate estimated revenues of \$76,000 in FY 2011 and \$140,700 in FY 2012. The City also receives a classroom rental fee (\$1.6 million) from Fairfax County Public Schools (FCPS) based on a formula involving County students attending City schools.

Charges for Services

	FY 2010 Actual	FY 2011 Budget	FY 2011 Estimate	FY 2012 Adopted
Charges for Services	\$2,507,399	\$3,064,293	\$2,763,666	\$2,748,778

This category is projected to decrease by 10% (\$315,500) from the FY 2011 budget to FY 2012. A majority of this variance is due to lower than projected Ambulance Recovery Fees of \$345,000. Also, the City has tabled implementing the Accident Recovery Fee for public safety services based on logistical implementation challenges, and the result is a reduction in projected revenue of \$80,000. However, a portion of these decreases are offset by a Fire Services Recovery Fee from George Mason University that will be effective in FY 2011 generating approximately \$150,000 annually.

State Aid

	FY 2010 Actual	FY 2011 Budget	FY 2011 Estimate	FY 2012 Adopted
State Aid	\$10,121,085	\$9,343,677	\$9,714,950	\$10,299,211

Total funding for state aid is projected to increase by 10.2% (\$955,534) from the FY 2011 budget to FY 2012. Per the Virginia Department of Education, Basic Aid and State Sales tax are projected to generate an additional \$778,100 from the prior fiscal year. Additionally, state highway funds will increase \$221,600, but the City expects a reduction in State Aid to Police of \$64,900.

Federal Aid

	FY 2010 Actual	FY 2011 Budget	FY 2011 Estimate	FY 2012 Adopted
Federal Aid	\$757,648	\$330,341	\$448,953	\$346,400

The majority of Federal Aid is dedicated to public safety areas. Highlights of notable funding are provided for the following: the Gang Task Force Grant for \$130,000 (Police), and National Capital Region Planner (Fire Department – Code Administration - Emergency Management) for \$125,000. FY 2011 was the last year federal funds were provided for the SAFER Grant which provided additional staffing for the Fire Department.